

## Message Text

CONFIDENTIAL

PAGE 01 SEOUL 04688 070938Z

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 IO-13 OMB-01 DHA-02 TRSE-00 SEC-01 EB-07

COME-00 MCT-01 /080 W

-----070941Z 094983 /17

P R 070903Z JUN 77

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 4327

INFO AMEMBASSY TOKYO

CINCPAC

C O N F I D E N T I A L SEOUL 4688

CINCPAC FOR POLAD

EO 11652: GDS

TAGS: PINT KS ETRD WTDR

SUBJ: YI HAK-SU SENTENCED

REF: A) SEOUL 9649 (080132Z DEC 76) NOTAL (B) SEOUL 9837 (132330Z  
DEC 76) NOTAL

SUMMARY: IN ADDITION TO IMPRISONMENT, FINANCIAL SENTENCE  
PRONOUNCED MAY 31 ON 1961 COUP SUPPORTER YI HAK-SU IS  
HEAVIEST IN KOREAN HISTORY. THE STIFF PUNISHMENT IS SIGNIFICANT  
POLITICALLY; ROKG IS EMPHASIZING ITS DETERMINATION TO PURSUE ANTI-  
CORRUPTION DRIVE AND EQUITABLE TAX ADMINISTRATION, WHILE SOME  
POLITICAL OBSERVERS STRESS IMPORTANCE LIES IN BREAK-UP OF GROUP  
OF NORTHERNERS CENTERED ON SPEAKER CHONG. END SUMMARY

1. ON MAY 31, SEOUL DISTRICT CRIMINAL COURT SENTENCED YI HAK-SU,  
PRESIDENT OF KOREAN WONYANG FISHERIES CO., TO SEVEN YEARS PENAL  
SERVITUDE, FINES OF 1.8 BILLION WON, AND PENALTIES OF 5.36 BILLION  
WON FOR TAX EVASION AND DIVERSION ABROAD OF FOREIGN EXCHANGE  
BETWEEN 1973 AND 1975. SENTENCE, BASED ON YI'S VIOLATIONS OF EM-9,  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SEOUL 04688 070938Z

FOREIGN EXCHANGE CONTROL LAW, AND LAW FOR ADDITIONAL PUNISHMENT OF  
SPECIFIC CRIMES, WAS NOTABLE AS THE SEVEREST MONETARY PENALTY  
YET ASSESSED AGAINST ANY PRIVATE INDIVIDUAL IN KOREA. IN ADDITION,  
FINES WERE LEVIED AGAINST THREE CORPORATIONS YI OWNED, AS  
FOLLOWS: KOREA WONYANG, 200 MILLION WON; KWANGMYONG TOP'AN,  
30 MILLION WON; AND KOREA SIKP'UM, 40 MILLION WON.

2. ACCORDING TO IM CHI-HWAN, DIRECTOR OF KOREA WONYANG, 200 MILLION-WON FINE ASSESSED YESTERDAY IS IN ADDITION TO 2.2 BILLION-WON FINE LEVIED AGAINST COMPANY LAST DECEMBER. IM COMMENTED THAT, ALTHOUGH COMPANY HAD SCHEDULED PAYMENT OF 2.2 BILLION WON AT RATE OF 200 NWLLION PER MONTH AND WAS CONFIDENT OF ITS ABILITY TO PAY, THE ONE ADDITIONAL INSTALLMENT NOW DEMANDED WOULD MAKE IT "DIFFICULE TO CONTINUE PAYMENTS." EMBASSY HAS INITIATED ANOTHER WTDR ON KOREA WONYANG.

3. YI, WHOSE PRINTING SHOP RAN OFF DOCUMENTS FOR THE 1961 COUP WHICH BROUGHT PRESIDENT PAK TO POWER, HAD ENJOYED GOVERNMENT FAVOR UNTIL THIS CASE AROSE IN DECEMBER 1976. HE IS FROM HAMGYONG-DO, THE SAME NORTH KOREAN PROVINCE AS NATIONAL ASSEMBLY (NA) SPEAKER CHONG IL-GWON (REFTEL A). KANG MUN-BONG, ALSO IN GROUP OF NORTHERNERS AND ALSO PREVIOUSLY BLESSED WITH ROKG FAVORS, WAS CONVICTED LAST FEBRUARY OF TAKING BRIBES FROM BUSINESSMEN WHILE A NATIONAL ASSEMBLYMAN. ANOTHER BUSINESS LEADER FROM THE SAME PROVINCE, YI YANG-GU (LEE YANG KOO) OF TONGYANG CEMENT, HAS SUFFERED A HEAVY LOSS IN AN INCOME TAX CASE AND FOR A PERIOD OF TIME WAS UNABLE TO GET BANK CREDIT. THUS ONCE FAVORED GROUP HAS SUFFERED TWO MAJOR AND OE PARTIAL CASUALTIES IN RECENT MONTHS.

4. YI APPEARED IN COURT ON A STRETCHER WITH A TOWEL COVERING HIS FACE, BUT SOME OBSERVERS SPECULATE THIS MAY HAVE BEEN A TACTIC TO OBTAIN RELEASE SUBSEQUENTLY ON GROUNDS OF HEALTH, RATHER THAN THE RESULT OF MISTREATMENT OR ILL HEALTH.

5. COMMENT: YI HAD ATTRACTED UNFAVORABLE ATTENTION FROM ROKG ON SEVERAL ACCOUNTS SINCE 1974 INCLUDING, OSTENTATIOUS CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SEOUL 04688 070938Z

LIVING, UNFAIR DOMINATION OF PRINGING BUSINESS, DAMAGE TO KOREA'S FISHING INTERESTS, BRIBES TO KANG AND MANY OTHER NATIONAL ASSEMBLYMEN, AND TAX EVASION (REFTEL B). SEVERITY OF HIS SENTENCE EMPHASIZES ROKG INTEREST IN FIGHTING CORRUPTION AND COLLECTING TAXES EQUITABLY. AT SAME TIME SOME OBSERVERS OUTSIDE GOVERNMENT CONTINUE TO ATTRIBUTE YI'S FALL, LIKE ASSEMBLYMAN KANG MUN-PONG'S, TO GOVERNMENT DESIRE TO BREAK UP "ALASKAN GROUP" ASSOCIATED WITH SPEAKER CHONG AND STRENGTHEN POLITICAL CONTROL. WHATEVER PRECISE UNDERLYING MOTIVE, MESSAGE IS CLEAR THAT EVEN "BIG SHOTS" FAVORED IN THE PAST ARE SUBJECT TO SEVERE PENALTY IF THEY STEP OUT OF LINE.  
SNEIDER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUSINESSMEN, COURT DECISIONS, INCOME TAXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 07-Jun-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977SEOUL04688  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770202-0233  
**Format:** TEL  
**From:** SEOUL  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770682/aaaacufp.tel  
**Line Count:** 110  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 5e8ebf83-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 SEOUL 9649, 77 SEOUL 9837  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 02-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2247116  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** YI HAK-SU SENTENCED  
**TAGS:** PINT, ETRD, KS, (YIK HAK-SU)  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/5e8ebf83-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009